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Indiana Public Retirement System

Judges' Retirement System

Actuarial Valuation as of
June 30, 2011

pwc

January 31, 2012

Board of Trustees
Indiana Public Retirement System
1 North Capitol, Suite 001
Indianapolis, IN 46204

Re: Certification of the Actuarial Valuations of the Indiana Public Retirement System as of June 30, 2011

Dear Board of Trustees:

Actuarial valuations are performed annually for the Indiana Public Retirement System ("INPRS") defined benefit pension plans ("Plans"). The results of the latest actuarial valuations, which were prepared as of June 30, 2011, are presented in individual valuation reports for each fund and were prepared pursuant to the engagement letter between INPRS and PricewaterhouseCoopers LLP ("PwC"), dated June 7, 2010. The reports are intended to provide the Board of Trustees ("Board") with information on the funded status of the Plans, development of the contribution rates, and certain financial statement disclosure information.

Under Indiana statutes, employer contribution rates are adopted annually for each Plan by the Board. These rates are actuarially determined based on the Board's funding policy and adopted actuarial assumptions. Contribution rates determined by the actuarial valuation become effective either twelve or eighteen months after the valuation date, depending on the applicable employer. For example, the rates determined by the June 30, 2011 actuarial valuation and adopted by the Board will become effective on either July 1, 2012 or January 1, 2013. If new legislation is enacted between the valuation date and the date the contribution rates become effective, the Board may adjust the recommended rates before adopting them, in order to reflect this new legislation. Such adjustments are based on information supplied by the actuary.

Financing Objectives and Funding Policy
In setting the contribution rates, the Board's principal objectives have been:

- To set contribution rates such that the unfunded actuarial accrued liability ("UAAL") will be amortized over a 30-year period.
- To set contribution rates such that they remain relatively level over time.

To accomplish this, the Board's funding policy requires that the employer contribution rate be equal to the sum of the employer normal cost rate (which pays the current year cost) and an amortization rate which results in the amortization of the UAAL in equal installments.

At the December 16, 2011 meeting, the Board resolved to discontinue the use of contribution rate smoothing rules previously employed for the Public Employees' Retirement Fund, the State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan, the 1977 Police Officers' and Firefighters' Pension and Disability Fund, and the Prosecuting Attorneys' Retirement Fund. For political subdivisions participating in the Public Employees' Retirement Fund, a systematic method for migrating all employers to a single contribution rate was adopted.

No membership growth is anticipated in setting the contribution rate. This is consistent with GASB #25, which prohibits anticipating membership growth in determining the minimum Annual Required Contribution ("ARC").

Progress Toward Realization of Financing Objectives
The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a Plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The combined funded ratio for all Plans decreased by 2.7% from the preceding year to 83.4%, primarily due to the delayed recognition of asset losses from 2008 - 2009 in the Actuarial Value of Assets, partially offset by asset gains since such time and changes to some of the actuarial assumptions pursuant to the experience study.

Benefit Provisions
The benefit provisions reflected in the valuation reports are those which were in effect at June 30, 2011, as set forth in the related Indiana statutes. None of the Plans had any material changes in benefit provisions since the 2010 valuation.

Assets and Member Data
The valuations were based on asset values of the trust funds and member census data as of June 30, 2011. All asset and member data was provided by INPRS. While certain checks for reasonableness were performed, the data was used unaudited. The accuracy of the results presented in the reports is dependent upon the accuracy and completeness of the underlying asset and census information.

Actuarial Assumptions and Methods
The actuarial assumptions used in the June 30, 2011 valuations were adopted by the Board pursuant to the Experience Studies of September 2011, which reflect the experience period from July 1, 2005 and June 30, 2010. The actuarial assumptions for interest rate, COLA, and amortization method were approved by the Board in September 2010 for use in the 2010 valuations. The actuarial assumptions and methods are summarized in the Actuarial Assumptions and Methods section of each valuation report. The actuarial assumptions and methods are reasonable for the purposes of the valuation reports and comply with the parameters set forth in Statements No. 25 and No. 27 of the Governmental Accounting Standards Board ("GASB"). Different assumptions and methods may be reasonable for other purposes. As such, the results presented in the valuation reports should only be relied upon for the intended purpose.

Certification
We certify that the information presented herein is accurate and fairly portrays the actuarial position of each Plan administered by INPRS as of June 30, 2011.

This report contains the required accounting information to be included in the Comprehensive Annual Financial Report. This information has been prepared in accordance with our understanding of Governmental Accounting Standards No. 25 and No. 27 (as amended by No. 50).

To the best of our knowledge this actuarial statement is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Indiana state law. The undersigned actuaries are members of the Society of Actuaries and other professional organizations, including the American Academy of Actuaries, and meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States relating to pension plans. There is no relationship between PwC and INPRS that may impair our objectivity.

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. This includes penalties that may apply if the transaction that is the subject of this document is found to lack economic substance or fails to satisfy any other similar rule of law. This document has been prepared pursuant to an engagement letter between INPRS and PwC, and is intended solely for the use and benefits of INPRS and not for reliance by any other person.

Respectfully submitted,

Cindy Fraterrigo

Ms. Cindy Fraterrigo
Member, American Academy of Actuaries
Fellow of the Society of Actuaries
Enrolled Actuary (No. 11-06229)

Sheldon A. Gamzon

Mr. Sheldon Gamzon
Member, American Academy of Actuaries
Fellow of the Society of Actuaries
Enrolled Actuary (No. 11-03238)

Brandon G. Robertson

Mr. Brandon Robertson
Member, American Academy of Actuaries
Associate of the Society of Actuaries
Enrolled Actuary (No. 11-07568)

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HIGHLIGHTS OF THE ACTUARY'S REPORT

This report presents the results of the actuarial valuation of the Judges' Retirement System ("JRS") and has been prepared to present the current funded status of the Plan, contribution requirements for fiscal year 2013 (July 1, 2012 through June 30, 2013), and certain financial statement disclosure information. The valuation was performed using census data for plan members as of as of June 30, 2011 provided by INPRS, asset information as of June 30, 2011 provided by INPRS, the actuarial assumptions and methods approved by the Board and summarized in Section V, and the plan provisions effective June 30, 2011 as summarized in Section VI.

Contributions

JRS is a State appropriated fund. All employer contributions are made by the State of Indiana. The annual required contribution rate has increased from 51.5% for fiscal 2012 to 53.5% for fiscal 2013. The Board has historically requested appropriations from the State based on this rate and has approved this action again for fiscal year 2013.

Members of JRS contribute 6% of their compensation during each year of membership or for 22 years, whichever is shorter. If a JRS member terminates employment with less than 8 years of service, the accumulated contributions with interest can be withdrawn as a lump sum or the member may direct the JRS to make a direct rollover of the distribution amount. When a member becomes vested, the member account balance may not be refunded and is instead combined with the employee contributions in order to fund the member's future retirement annuity benefit.

Funded Status

The funded status of JRS is measured by the funded ratio, which is the ratio of the assets available for benefits to a benefit liability measure for JRS. While there are several such measures that could be appropriately used, the benefit liability measure that ties most closely to your funding strategy is the Actuarial Accrued Liability (“AAL”).

Using the Actuarial Value of Assets ("AVA"), an asset value that smoothes the market gains and losses over four (4) years, JRS AAL funded ratio decreased from 66.5% at June 30, 2010 to 62.1% at June 30, 2011. The decrease is primarily due to the delayed recognition of previous net asset losses in the Actuarial Value of Assets.

Investment Experience

On a Market Value basis, from June 30, 2010 to June 30, 2011, JRS experienced an approximate investment return of 19.2%. However, on an Actuarial Value basis over the same time period, the JRS experienced an approximate investment return of (0.6%). The negative investment return on the AVA can be attributed to the smoothing of prior net losses that more than offset the gain on Market Value from June 30, 2010 to June 30, 2011.

Cost-of-Living Adjustment

Benefits for retired members increase automatically based on the annual pay increase granted for the position the member held at the time of retirement. The annual cost-of-living assumption for the valuation is 4.0%, which is the same as the salary increase assumption for active members. A cost-of-living increase of 1.3% took effect on July 1, 2011.

HIGHLIGHTS OF THE ACTUARY'S REPORT (CONTINUED)

Changes in Actuarial Assumptions

For the June 30, 2011 valuation, the Board approved the following assumption changes:

- The retirement rates were increased at ages 65 - 74 to reflect recent experience.

- The termination rates increased for ages 38-65 from 4% to 7% to reflect recent experience.

- The age difference assumption changed from males assumed to be three (3) years older than females and female members assumed to be three (3) years younger than their spouses to male members assumed to be four (4) years older than their spouses and female members assumed to be two (2) years younger than their spouses.

Changes in Plan Provisions

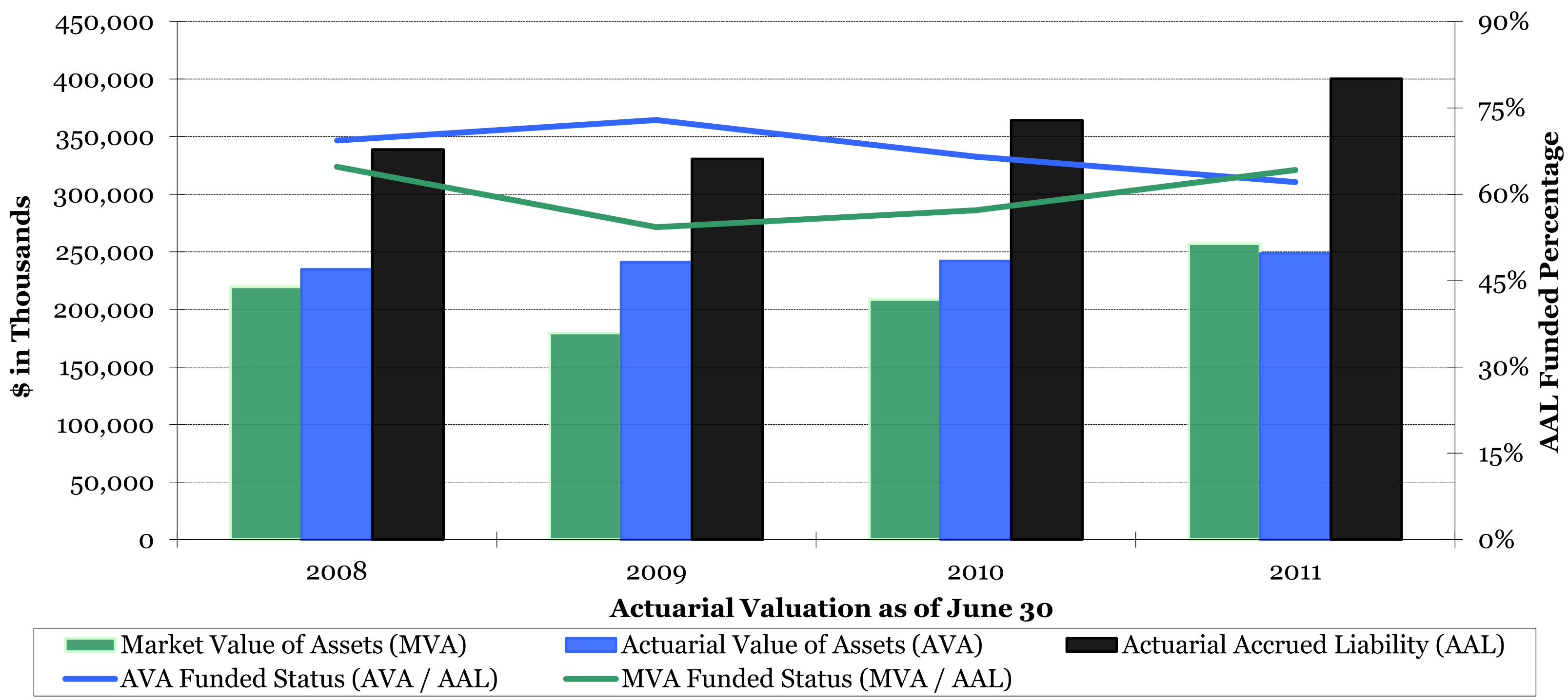
There have been no changes in the plan provisions since the June 30, 2010 valuation.

Changes in Actuarial Methods

There have been no changes in actuarial methods since the June 30, 2010 valuation.

HISTORICAL SUMMARY

JRS – 4 Year History of Funded Status [1]



Actuarial Valuation as of June 30:	2008	2009	2010	2011
Actuarial Accrued Liability (AAL)	$338,749.0	$330,551.2	$364,122.7	$400,273.5
Actuarial Value of Assets (AVA)	234,880.5	240,953.9	242,142.8	248,623.3
Market Value of Assets (MVA)	219,425.5	179,428.1	208,395.2	256,985.8
Unfunded Liability (AAL - AVA)	103,868.5	89,597.3	121,979.9	151,650.2
AVA Funded Status (AVA / AAL)	69.3%	72.9%	66.5%	62.1%
MVA Funded Status (MVA / AAL)	64.8%	54.3%	57.2%	64.2%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results [1]

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Development of True Rate [2]				
Normal Cost (Beginning of Year)	$ 9,277,927	$ 10,425,527	$ 11,567,716	$ 15,281,754
Amortization of Unfunded Actuarial Accrued Liability	8,172,875	7,134,782	9,515,365	11,873,696
Interest Adjustment [3]	632,592	636,561	-	-
Employee Contributions	(1,952,273)	(2,120,001)	(2,173,160)	(2,678,007)
Total Contribution Amount	$ 16,131,121	$ 16,076,869	$ 18,909,921	$ 24,477,443
True Contribution Rate	47.8%	44.4%	51.5%	53.5%
Estimated State Appropriations [2]				
Contribution Rate	47.8%	44.4%	51.5%	53.5%
Estimated State Appropriations [4]	$ 16,131,121	$ 16,076,869	$ 18,909,921	$ 25,456,541

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

[2] The rates and contribution amounts shown were developed on a funding basis only and do not reflect accounting requirements.

[3] Valuation results prior to June 30, 2010 included an interest adjustment to the middle of the year because the payroll used for computing contribution rates was not discounted to the beginning of the year.

[4] Estimated State Appropriations prior to June 30, 2011 are based on actual payroll as of the valuation date. Estimated State Appropriations for June 30, 2011 are based on projected payroll for the applicable fiscal year.

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results (Continued) [1]

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Census Information				
Active				
Number	267	288	291	363
Average Age	54.8	54.1	55.0	54.3
Average Years of Service	10.1	8.7	9.5	8.3
Covered Payroll of Actives	$ 33,729,411	$ 36,195,775	$ 36,721,919	$ 45,764,278
Inactive - Vested				
Number	93	83	73	66
Average Age			60.7	61.0
Average Years of Service			18.4	18.1
Inactive - Non-Vested [2]				
Number			31	31
Retiree/Beneficiary/Disabled				
Number	276	293	298	310
Average Age			75.3	75.1
Annual Benefits Payable	$ 14,753,638	$ 15,229,582	$ 15,389,828	$ 16,787,212

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

[2] For June 30, 2011, inactive non-vested members entitled to a refund of their ASA account have balances totaling $448,376.

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results (Continued) [1]

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Actuarial Accrued Liability				
ASA Account Balance	$ 22,243,000	$ 21,649,000	$ 23,137,615	$ 24,359,001
Retiree/Beneficiary/Disabled	155,177,081	170,962,026	182,023,263	198,796,748
Active and Inactive	161,328,902	137,940,181	158,961,853	177,117,795
Total	$ 338,748,983	$ 330,551,207	$ 364,122,731	$ 400,273,544
Actuarial Value of Assets (AVA)				
ASA Account Balance	$ 22,243,000	$ 21,649,000	$ 23,137,615	$ 24,359,001
Retiree/Beneficiary/Disabled	155,177,081	170,962,026	182,023,263	198,796,748
Active and Inactive	57,460,441	48,342,855	36,981,965	25,467,608
Total	$ 234,880,522	$ 240,953,881	$ 242,142,843	$ 248,623,357
Market Value of Assets (MVA)				
ASA Account Balance	$ 22,243,000	$ 21,649,000	$ 23,137,615	$ 24,359,001
Retiree/Beneficiary/Disabled	155,177,081	157,779,055	182,023,263	198,796,748
Active and Inactive	42,005,420	-	3,234,360	33,830,004
Total	$ 219,425,501	$ 179,428,055	$ 208,395,238	$ 256,985,753
Unfunded Actuarial Accrued Liability: AAL - AVA				
ASA Account Balance	$ -	$ -	$ -	$ -
Retiree/Beneficiary/Disabled	-	-	-	-
Active and Inactive	103,868,461	89,597,326	121,979,888	151,650,187
Total	$ 103,868,461	$ 89,597,326	$ 121,979,888	$ 151,650,187
Funded Percentage				
ASA Account Balance	100.0%	100.0%	100.0%	100.0%
Retiree/Beneficiary/Disabled	100.0%	100.0%	100.0%	100.0%
Active and Inactive	35.6%	35.0%	23.3%	14.4%
Total	69.3%	72.9%	66.5%	62.1%
Summary of Assumptions				
Valuation Interest Rate	7.25%	7.25%	7.0%	7.0%
Salary Scale	4.0%	4.0%	4.0%	4.0%
Cost-of-Living Assumption	4.0%	4.0%	4.0%	4.0%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

FUNDING

A. Development of Funded Status

		June 30, 2010	June 30, 2011
1.	Actuarial Accrued Liability		
a.	Annuity Savings Account	$ 23,137,615	$ 24,359,001
b.	Retirees, Beneficiaries, and Disableds	182,023,263	198,796,748
c.	Actives and Inactives	158,961,853	177,117,795
d.	Total: (1)(a) + (1)(b) + (1)(c)	$ 364,122,731	$ 400,273,544
2.	Actuarial Value of Assets		
a.	Annuity Savings Account	$ 23,137,615	$ 24,359,001
b.	Retirees, Beneficiaries, and Disableds	182,023,263	198,796,748
c.	Actives and Inactives	36,981,965	25,467,608
d.	Total: (2)(a) + (2)(b) + (2)(c)	$ 242,142,843	$ 248,623,357
3.	Unfunded Actuarial Accrued Liability		
a.	Annuity Savings Account: (1)(a) - (2)(a)	$ -	$ -
b.	Retirees, Beneficiaries, and Disableds: (1)(b) - (2)(b)	-	-
c.	Actives and Inactives: (1)(c) - (2)(c)	121,979,888	151,650,187
d.	Total: (1)(d) - (2)(d)	$ 121,979,888	$ 151,650,187
4.	Funded Percentage		
a.	Annuity Savings Account: (2)(a) / (1)(a)	100.0%	100.0%
b.	Retirees, Beneficiaries, and Disableds: (2)(b) / (1)(b)	100.0%	100.0%
c.	Actives and Inactives: (2)(c) / (1)(c)	23.3%	14.4%
d.	Total: (2)(d) / (1)(d)	66.5%	62.1%

B. Unfunded Actuarial Accrued Liability Reconciliation [1]

		June 30, 2010	June 30, 2011
1.	Unfunded Actuarial Accrued Liability, Prior Year	$ 89,597,326	$ 121,979,888
2.	Unfunded Actuarial Accrued Liability (Gain) / Loss		
	a. Actuarial Value of Assets Experience	$ 19,082,848	$ 16,372,415
	b. Actuarial Accrued Liability Experience	(11,997,179)	(1,274,320)
	c. Additional Liability Due to Transition from Prior Actuary	(338,963)	-
	d. Additional Liability Due to Changes in Actuarial Assumptions	26,792,104	16,215,052
	e. Additional Liability Due to Changes in Plan Provisions	-	-
	f. Total New Amortization Bases: (2)(a) + (2)(b) + (2)(c) + (2)(d) + (2)(e)	$ 33,538,810	$ 31,313,147
	g. Amortization of Existing Bases	(1,156,248)	(1,642,848)
	h. Change in Unfunded Actuarial Accrued Liability: (2)(f) + (2)(g)	$ 32,382,562	$ 29,670,299
3.	Unfunded Actuarial Accrued Liability, Current Year: (1) + (2)(h)	$ 121,979,888	$ 151,650,187

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

C. Actuarial Accrued Liability Reconciliation

1.	June 30, 2010 Actuarial Accrued Liability	$	364,122,731	
2.	Normal Cost		11,567,716	
3.	Actual Benefit Payments		16,092,721	
4.	Interest of 7.00% on (1) + (2) - (3)/2		25,735,086	
5.	Expected June 30, 2011 Actuarial Accrued Liability: (1) + (2) - (3) + (4)	$	385,332,812	
			Dollar Change in Liability	Percent Change in Liability
6.	(Gain)/Loss Components			
	a. Census	$	(1,274,320)	(0.3%)
	b. Assumption Changes		16,215,052	4.2%
	c. Total: (6)(a) + (6)(b)	$	14,940,732	3.9%
7.	Actual June 30, 2011 Actuarial Accrued Liability: (5) + (6)(c)	**$**	**400,273,544**	

D. Reconciliation of Market Value of Assets

		June 30, 2010	June 30, 2011
1.	Market Value of Assets, Prior June 30	$ 179,428,055	$ 208,395,238
2.	Receipts		
a.	Employer Contributions	$ 18,630,651	19,199,927
b.	Employee Contributions	2,228,719	3,491,929
c.	Investment Income and Dividends Net of Fees	23,486,135	40,732,132
d.	Security Lending Income Net of Fees	136,268	138,032
e.	Net Transfers In	59,549	1,280,746
f.	Miscellaneous Income	-	-
g.	Total Receipts: (2)(a) + (2)(b) + (2)(c) + (2)(d) + (2)(e) + (2)(f)	$ 44,541,322	$ 64,842,766
3.	Disbursements		
a.	Benefits Paid During the Year	$ 15,469,991	$ 16,087,428
b.	Refund of Contributions and Interest	-	5,293
c.	Administrative Expenses	104,148	159,530
d.	Net Transfers Out	-	-
e.	Miscellaneous Disbursements	-	-
f.	Total Disbursements: (3)(a) + (3)(b) + (3)(c) + (3)(d) + (3)(e)	$ 15,574,139	$ 16,252,251
4.	Market Value of Assets, Current June 30: (1) + (2)(g) - (3)(f)	**$ 208,395,238**	**$ 256,985,753**
5.	Market Value of Assets Approximate Annual Rate of Investment Return	12.9%	19.2%

E. Reconciliation of Actuarial Value of Assets

1.	Market Value of Assets, June 30, 2010			$	208,395,238
2.	Market Value of Assets, June 30, 2011				256,985,753
3.	Expected Earnings/Expenses				
	a. Expected Investment Earnings at 7.00% on June 30, 2010 Market Value				14,587,667
	b. Receipts and Expected Investment Earnings at 7.00%				24,811,643
	c. Disbursements and Expected Investment Earnings at 7.00%				16,655,966
4.	Expected Assets, June 30, 2011: (1) + (3)(a) + (3)(b) - (3)(c)			$	231,138,582
5.	2010-2011 Gain/(Loss): (2) - (4)				25,847,171
6.	Smoothing of Gain/(Loss)				
	Year	Gain/(Loss)	% Unrecognized		
	a. 2010-2011	$ 25,847,171	75%		19,385,378
	b. 2009-2010	10,312,197	50%		5,156,099
	c. 2008-2009	(64,716,323)	25%		(16,179,081)
7.	Preliminary Actuarial Value of Assets, June 30, 2011: (2) - (6)(a) - (6)(b) - (6)(c)			$	248,623,357
8.	Corridor				
	a. 120% of Market Value				308,382,904
	b. 80% of Market Value				205,588,602
9.	Actuarial Value of Assets, June 30, 2011			**$**	**248,623,357**
10.	Actuarial Value of Assets as a Percent of Market Value: (9) / (2)				96.7%
11.	Actuarial Value of Assets Approximate Annual Rate of Investment Return				(0.6%)

F. Contribution Rate

Development of Annual Required Contribution		June 30, 2010	June 30, 2011
1.	Current Payroll	$ 36,721,919	$ 45,764,278
2.	Normal Cost (Beginning of Year)		
	a. Amount	$ 11,567,716	$ 15,281,754
	b. Percentage of Payroll	31.50%	33.39%
3.	Unfunded Actuarial Accrued Liability (UAAL) Annual Amortizations		
	a. Amount	$ 9,515,365	$ 11,873,696
	b. Percentage of Payroll	25.91%	25.95%
4.	Expected Employee Contributions [1]		
	a. Amount	$ 2,173,160	$ 2,678,007
	b. Percentage of Payroll	5.92%	5.85%
5.	Annual Required Contribution Rate: (2)(b) + (3)(b) - (4)(b)	**51.49%**	**53.49%**
6.	Estimated Annual Required Contribution Amount		
	a. Fiscal Year Beginning	July 1, 2011	July 1, 2012
	b. Anticipated Payroll: (1) x [(1 + 4.0%)]	$ 38,190,796	$ 47,594,849
	c. Amount: (5) x (6)(b) [2, 3]	**$ 19,664,441**	**$ 25,458,485**
Approved Funding Amount:		**$ 18,909,921**	**$ 25,456,541**

[1] Only members with less than 22 years of service contribute to the plan. Current payroll for active members with less than 22 years of service as of June 30, 2011 is $44,633,455.

[2] Since the fiscal year to which contributions apply begins one year after the valuation date, the Annual Required Contribution Amount is estimated by assuming payroll will increase 4.00% per year and then applying the Annual Required Contribution Rate computed at the valuation date.

[3] JRS is a State appropriated fund. Employer contribution amounts are expected to be paid by the State of Indiana.

G. Unfunded Actuarial Accrued Liability Amortization Schedule [1]

	Date Base Established	Reason		Remaining Unfunded	Remaining Period		Amortization Amount
1.	6/30/2009	Actuarial Experience	$	87,153,285	25	$	6,989,410
2.	6/30/2010	Actuarial Experience and Changes in Actuarial Assumptions		33,183,755	29		2,525,955
3.	6/30/2011	Actuarial Experience and Changes in Actuarial Assumptions		31,313,147	30		2,358,331
	Total		$	151,650,187		$	11,873,696

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

H. Approximate Investment Return for Year Ending June 30, 2011

		Market Value of Assets	Actuarial Value of Assets
1.	Balance, beginning of year	$ 208,395,238	$ 242,142,843
2.	Balance, end of year	256,985,753	248,623,357
3.	Total increase: (2) - (1)	48,590,515	6,480,514
4.	Contributions and Transfers In	23,972,602	23,972,602
5.	Benefit payments and Transfers Out	16,092,721	16,092,721
6.	Net additions: (4) - (5)	7,879,881	7,879,881
7.	Net investment increase: (3) - (6)	40,710,634	(1,399,367)
8.	Average assets: [(1) + (2) - (7)] / 2	212,335,179	246,082,784
9.	Approximate rate of return: (7) / (8) [1]	19.2%	(0.6%)

I. Historical Investment Experience

1.	2.	3.	4.
	Approximate Annual Rate of Investment Return		Actuarial Assumed
Year Ending June 30	Market Basis	Actuarial Basis	Interest Rate
2003	5.3%	(1.0%)	
2004	16.1%	3.3%	
2005	9.6%	7.0%	
2006	10.5%	15.1%	
2007	18.0%	15.8%	7.25%
2008	(8.2%)	8.3%	7.25%
2009	(21.7%)	(1.0%)	7.25%
2010	12.9%	(1.7%)	7.25%
2011	19.2%	(0.6%)	7.00%

[1] Net of expenses.

ACCOUNTING

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27

A. Assumptions and Methods Under GASB #25 and #27

Under the Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 27, certain information about the plan is required to be disclosed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Amortization Method	Level Dollar
Amortization Period	30 Years, Closed
Actuarial Value of Assets	4-Year Smoothed Market Value with 20% Corridor
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Future Salary Increases	4.0% (includes 3.0% wage inflation)
Cost-of-Living Increases	4.0% (tied to salary scale)

B. Membership Data

The plan consisted of the following membership as of June 30, 2011, the date of the latest actuarial valuation:

Retired members, beneficiaries and disabled members receiving benefits:	310
Terminated vested plan members entitled to but not yet receiving benefits:	66
Terminated non-vested plan members entitled to refund of ASA balance:	31
Active Plan Members:	363
Total membership:	770

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

C. Statement of Plan Net Assets

1.	Assets			
	a.	Cash and Cash Equivalents	$	29,452,636
	b.	Securities Lending Collateral		-
	c.	Receivables		
		i. Contributions Receivable	$	129,460
		ii. Accrued Investment Income		781,189
		iii. Receivables for Investment Securities		9,847,905
		iv. Member Loans		-
		v. Miscellaneous Receivables		266,203
		vi. Due From Other Governmental Plans		-
		vii. Due From Other Funds		32,086
		viii. Total Receivables	$	11,056,843
	d.	Investments		
		i. Debt Securities	$	67,678,156
		ii. Equity Securities		103,475,735
		iii. Mutual Funds		12,005,696
		iv. Other Investments		52,453,514
		v. Total Investments	$	235,613,101
	e.	Capital Assets		-
	f.	Total Assets: (1)(a) + (1)(b) + (1)(c)(viii) + (1)(d)(v) + (1)(e)	$	276,122,580
2.	Liabilities			
	a.	Accounts Payable	$	8,590
	b.	Salaries and Benefits Payable		-
	c.	Investments Payable		17,611,376
	d.	Securities Lending Collateral		-
	e.	Due To Other Governmental Plans		-
	f.	Due To Other Funds		1,516,861
	g.	Total Current Liabilities	$	19,136,827
	h.	Compensated Absences - Long Term		-
	i.	Total Liabilities: (2)(a) + (2)(b) + (2)(c) + (2)(d) + (2)(e) + (2)(f) + (2)(g) + (2)(h)	$	19,136,827
3.	Net Assets Held in Trust for Pension Benefits: (1)(f) - (2)(i)		**$**	**256,985,753**

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

D. Statement of Changes in Plan Net Assets

1.	Net Assets as of June 30, 2010		$	208,395,238
2.	Revenue (Additions)			
	a.	Contributions		
		i. Member Contributions	$	3,491,929
		ii. Employer Contributions		19,199,927
		iii. Other Contributions		-
		iv. Total Contributions	$	22,691,856
	b.	Investment Income/Loss		
		i. Investment Income/Loss	$	42,180,006
		ii. Securities Lending Income		183,174
		iii. Securities Lending Expenses		(45,142)
		iv. Other Investment Expenses		(1,447,874)
		v. Net Investment Income	$	40,870,164
	c.	Other Additions		
		i. Intergovernmental Transfers	$	1,280,746
		ii. Miscellaneous Income		-
		iii. Total Other Additions	$	1,280,746
	d.	Total Revenue (Additions): (2)(a)(iv) + (2)(b)(v) + (2)(c)(iii)	$	64,842,766
3.	Expenses (Deductions)			
	a.	Pension and Disability Benefits	$	16,087,428
	b.	Death, Survivor, and Funeral Benefits		-
	c.	Distributions of Contributions and Interest		5,293
	d.	Intergovernmental Transfers		-
	e.	Pensions Relief Distributions		-
	f.	Local Unit Withdrawals		-
	g.	Administrative Expenses		159,530
	h.	Total Expenses (Deductions): (3)(a) + (3)(b) + (3)(c) + (3)(d) + (3)(e) + (3)(f) + (3)(g)	$	16,252,251
4.	Changes in Net Assets Held in Trust for Pension Benefits: (2)(d) - (3)(h)		$	48,590,515
5.	Net Assets as of June 30, 2011: (1) + (4)		**$**	**256,985,753**

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

E. Schedule of Funding Progress [1]

($ in Thousands)

1. Actuarial Valuation Date June 30	2. Actuarial Value of Assets	3. Actuarial Accrued Liability (AAL)	4. Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	5. AAL Funded Ratio (2) / (3)	6. Current Payroll	7. UAAL as a % of Payroll (4) / (6)
2006	$ 178,276	$ 272,997	$ 94,721	65.3%	$ 34,065	278.1%
2007	211,747	283,995	72,248	74.6%	29,712	243.2%
2008	234,881	338,749	103,868	69.3%	33,729	307.9%
2009	240,954	330,551	89,597	72.9%	36,196	247.5%
2010	242,143	364,123	121,980	66.5%	36,722	332.2%
2011	248,623	400,274	151,651	62.1%	45,764	331.4%

F. Schedule of Employer Contributions [1]

($ in Thousands)

1. Plan Year Ending June 30	2. Annual Required Contribution (ARC)	3. Actual Employer Contribution	4. % of ARC (3) / (2)
2006	$ 14,932	$ 13,537	90.7%
2007	12,249	14,662	119.7%
2008	10,028	15,920	158.8%
2009	16,131	20,861	129.3%
2010	16,077	18,631	115.9%
2011	18,910	19,200	101.5%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

G. Development of Net Pension Obligation (NPO) [1]

($ in Thousands)

1. Plan Year Ending June 30	2. Annual Required Contribution (ARC)	3. Interest on NPO at Discount Rate	4. ARC Adjustment	5. Amortization Factor	6. Net Pension Cost (NPC)	7. Actual Employer Contribution	8. Change in NPO	9. NPO at Beginning of Year	10. NPO at End of Year
			(9) / (5)		(2) + (3) - (4)		(6) - (7)		(8) + (9)
2009	$ 16,131	$ (1,546)	$ (1,799)	11.8498	$ 16,384	$ 20,861	$ (4,477)	$ (21,321)	$ (25,797)
2010	16,077	(1,870)	(2,203)	11.7089	16,410	18,631	(2,221)	(25,797)	(28,018)
2011	18,910	(1,961)	(2,258)	12.4090	19,207	19,200	7	(28,018)	(28,011)

H. Three-Year Trend Information [1]

($ in Thousands)

1. Plan Year Ending June 30	2. Net Pension Cost (NPC)	3. Actual Employer Contribution	4. % of NPC
			(3) / (2)
2009	$ 16,384	$ 20,861	127.3%
2010	16,410	18,631	113.5%
2011	19,207	19,200	100.0%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

I. Solvency Test [1]

Portion of Actuarial Liability Provided by Assets
($ in Thousands)

1. As of June 30	2. ASA Balances	3. Retired and Beneficiaries	4. Non-Retired Members (Employer Financed Portion)	5. Total Actuarial Accrued Liabilities	6. Actuarial Value of Assets
2005	$ 19,515	$ 137,631	$ 115,709	$ 272,855	$ 151,003
	100.0%	95.5%	0.0%	55.3%	
2006	20,861	134,272	117,865	272,998	178,276
	100.0%	100.0%	19.6%	65.3%	
2007	21,276	143,645	119,074	283,995	211,747
	100.0%	100.0%	39.3%	74.6%	
2008	22,243	155,177	161,329	338,749	234,881
	100.0%	100.0%	35.6%	69.3%	
2009	21,649	170,962	137,940	330,551	240,954
	100.0%	100.0%	35.0%	72.9%	
2010	23,138	182,023	158,962	364,123	242,143
	100.0%	100.0%	23.3%	66.5%	
2011	24,359	198,797	177,118	400,274	248,623
	100.0%	100.0%	14.4%	62.1%	

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

CENSUS DATA

SECTION IV - CENSUS DATA

A. Reconciliation of Participant Data

	Actives	Inactive Non-Vested ASA Balance	Inactive Vested	Disabled	Retired	Beneficiary	Total
PwC Total as of June 30, 2010	291	31	73	-	200	98	693
New Entrants [1]	86	-	-	-	-	-	86
Rehires	-	-	-	-	-	-	-
Non-Vested Terminations	(1)	1	-	-	-	-	-
Vested Terminations	(4)	-	4	-	-	-	-
Retirements	(8)	-	(11)	-	19	-	-
Disablements	(1)	-	-	1	-	-	-
Death with Beneficiary	-	-	-	-	(3)	3	-
Death without Beneficiary	-	-	-	-	(2)	(7)	(9)
Refunds	-	(1)	-	-	-	-	(1)
Data Adjustments	-	-	-	-	-	1	1
Total as of June 30, 2011	363	31	66	1	214	95	770

[1] Includes Magistrates who transferred from PERF.

B. Census Information

		June 30, 2010	June 30, 2011
1.	Active		
	a. Number	291	363
	b. Average Age	55.0	54.3
	c. Average Years of Service	9.5	8.3
	d. Covered Payroll of Actives	$ 36,721,919	$ 45,764,278
2.	Inactive - Vested		
	a. Number	73	66
	b Average Age	60.7	61.0
	c. Average Years of Service	18.4	18.1
3.	Inactive - Non-Vested [1]		
	a. Number	31	31
4.	Retiree/Beneficiary/Disabled		
	a. Number	298	310
	b. Average Age	75.3	75.1
	c. Annual Benefits Payable	$ 15,389,828	$ 16,787,212

[1] For June 30, 2011, inactive non-vested members entitled to a refund of their ASA account have balances totaling $448,376.

C. Schedule of Active Member Valuation Data [1]

1. As of June 30	2. Active Members	3. Annual Payroll ($ in Thousands)	4. Average Pay (3) / (2)	5. Annual Percent Increase
2005	282	$ 32,231	$ 114,293	22.3%
2006	274	34,065	124,323	8.8%
2007	258	29,712	115,164	(7.4%)
2008	267	33,729	126,327	9.7%
2009	288	36,196	125,680	(0.5%)
2010	291	36,722	126,192	0.4%
2011	363	45,764	126,072	(0.1%)

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

D. Schedule of Retirees, Beneficiaries, and Disabled Members [1]

1.	2.	3.	4.	5.	6.	7.	8.	9.
	Added		Removed		End of Year [2]			
Fiscal Year Ending June 30	Number	Annual Allowances ($ in Thousands)	Number	Annual Allowances ($ in Thousands)	Number	Annual Allowances ($ in Thousands)	% Increase in Annual Allowances	Average Annual Allowances
2005	13	$ 667	11	$ 374	264	$ 12,272	24.5%	$ 46,485
2006	12	868	7	474	269	12,983	5.8%	48,266
2007	18	976	8	409	279	13,899	7.1%	49,819
2008	23	1,257	26	991	276	14,754	6.1%	53,455
2009	74	3,744	57	1,835	293	15,230	3.2%	51,978
2010	11	627	6	339	298	15,390	1.1%	51,644
2011	21	1,452	9	200	310	16,787	9.1%	54,152

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

[2] End of year annual allowances are not equal to the prior end of year annual allowances plus addition and less removals because of reductions for beneficiary benefits, data changes, and cost-of-living increases.

E. Distribution of Active Members by Age and Service

Attained Age	Distribution of Active Members by Age and Service as of June 30, 2011										
	Under 1 year	1 to 4 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	30 to 34 years	35 to 39 years	Over 40 years	Total
<25											
25-29											
30-34		3									3
35-39	5	6	3								14
40-44	11	22	10	4							47
45-49	7	12	11	6	2	1					39
50-54	16	13	16	23	7	3					78
55-59	7	18	21	21	10	8					85
60-64	4	5	16	23	10	10					68
65-69	1	5	5	8	4						23
70&Up			2	2		2					6
Total	51	84	84	87	33	24					363

F. Distribution of Inactive Vested Members by Age and Service

Attained Age	Distribution of Inactive Vested Members by Age and Service as of June 30, 2011							
	Under 5 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	Over 30 years	Total
<25								
25-29								
30-34								
35-39								
40-44			1					1
45-49			2					2
50-54		2	3	2	2			9
55-59		1	4	2	9			16
60-64		4	1	6	11			22
65-69			1	1	10			12
70&Up					4			4
Total		7	12	11	36			66

G. Distribution of Retired Members, Beneficiaries, and Disabled Members by Age and Number of Years Retired [1]

Attained Age	Distribution of Retired Members, Beneficiaries, and Disabled Members by Age and Number of Years Retired as of June 30, 2011							
	Under 5 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	Over 30 years	Total
<40								
40-44								
45-49								
50-54		1	1					2
55-59	2					1		3
60-64	42		2	1			1	46
65-69	39	22	3		1			65
70-74	10	13	16	2	2	1	1	45
75-79	5	3	38	6	4	2	1	59
80-84	2	1	8	8	11	3	2	35
85-89		2	2	6	6	9	5	30
90&Up	1			2	4	5	13	25
Total	101	42	70	25	28	21	23	310

[1] Six of the members do not have a date of retirement. For these members we assumed they retired at the earlier of June 30, 2011 and 65.

H. Schedule of Benefit Recipients by Type of Benefit Option

1977 System [1]

Amount of Monthly Benefit	Retiree Single Life Annuity	Retiree 50% Joint and Survivor Annuity	Survivors	Disabled	Total
	Number of Benefit Recipients by Benefit Option as of June 30, 2011				
$ 1 - 500	0	0	0	0	0
501 - 1,000	1	0	15	0	16
1,001 - 1,500	0	0	21	0	21
1,501 - 2,000	1	0	11	0	12
2,001 - 3,000	3	6	23	0	32
over 3,000	12	133	9	0	154
Total	17	139	79	0	235

1985 System

Amount of Monthly Benefit	Retiree Single Life Annuity	Retiree 50% Joint and Survivor Annuity	Survivors	Disabled	Total
	Number of Benefit Recipients by Benefit Option as of June 30, 2011				
$ 1 - 500	0	0	0	0	0
501 - 1,000	0	0	1	0	1
1,001 - 1,500	0	0	3	0	3
1,501 - 2,000	0	1	4	0	5
2,001 - 3,000	0	1	5	0	6
over 3,000	1	55	3	1	60
Total	1	57	16	1	75

[1] 43 members were missing the data field indicating whether they should be included in the 1977 System or the 1985 System. For these members, we assumed they should be included in the 1977 System.

SECTION IV - CENSUS DATA

I. Schedule of Average Benefit Payments as of June 30, 2011 [1]

1977 Plan

	Years of Credited Service							
	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total
Average Monthly Defined Benefit	$ 2,408	$ 2,186	$ 4,072	$ 4,928	$ 5,141	$ 6,466	$ 6,153	$ 4,462
Average Final Average Salary	$ 43,056	$ 101,225	$ 116,016	$ 109,347	$ 110,322	$ 111,708	$ 120,715	$ 109,579
Number of Benefit Recipients	52	14	32	31	52	32	22	235

1985 Plan

	Years of Credited Service							
	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total
Average Monthly Defined Benefit	$ 3,860	$ 2,731	$ 4,135	$ 5,265	$ 6,082	$ 4,965	$ 6,364	$ 4,672
Average Final Average Salary		$ 108,812	$ 110,912	$ 118,493	$ 127,835			$ 116,078
Number of Benefit Recipients	6	3	34	16	12	3	1	75

[1] For some members average salary at retirement and years of credited service was not available. The average salary for each group excludes these members. Members with credited service information that is missing are counted in the "0-4" group.

SECTION V - ACTUARIAL ASSUMPTIONS AND METHODS

ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

The assumptions used in the valuation were selected and approved by the INPRS Board of Trustees. The demographic assumptions are reviewed every five years through a study of actual experience. In this way, the actuary provides guidance to the Board in selecting the assumptions. The actuary and other economic and investment professionals also provide advice to the Board for selecting the economic assumptions. In our opinion, the assumptions are reasonable for purposes of this valuation.

Interest Rate / Investment Return	7.00% (net of administrative and investment expenses)
Future Salary Increases	4.0% per year
Inflation	3.0% per year
Cost of Living Increases	4.0% per year in deferral and retirement
Mortality (Healthy and Disabled)	2008 IRS Static Mortality projected five (5) years with Scale AA
Disability	1964 OASDI Table. Illustrative rates shown below:

Age	Rate
20	0.060%
25	0.085%
30	0.110%
35	0.147%
40	0.220%
45	0.360%
50	0.606%
55	1.009%
60	1.627%
65+	0.000%

A. Actuarial Assumptions (continued)

Termination — Based on 2005-2010 experience. Rates shown below:

Age	Rate
20-37	4%
38-65	7%
66+	4%

Retirement — Based on 2005-2010 experience. Rates shown below:

Age	Rate	Age	Rate
55-61	20%	65	50%
62	25%	66-74	30%
63	15%	75+	100%
64	10%		

Decrement Timing — Decrements are assumed to occur at the beginning of the year.

Spouse/Beneficiary — 90% of members are assumed to be married or to have a dependent beneficiary. Male members are assumed to be four (4) years older than their spouses and female members are assumed to be two (2) years younger than their spouses.

Data Assumptions — Actives and inactives with no date of birth and/or no gender are assumed to be age 57 and/or male. Spouse gender is assumed to be the opposite gender of the member.

Retirees and disabled members with an unknown marital status are assumed to be married. Retirees and disabled members that are not married are assumed to be receiving a single life annuity. Retirees and disabled members that are married are assumed to elect a 50% joint and survivor annuity.

A. Actuarial Assumptions (continued)

Changes in Assumptions	For the June 30, 2011 valuation, the Board approved the following assumption changes: - The retirement rates were increased at ages 65 - 74 to reflect recent experience. - The termination rates increased for ages 38-65 from 4% to 7% to reflect recent experience. - The age difference assumption changed from males assumed to be three (3) years older than females and female members assumed to be three (3) years younger than their spouses to male members assumed to be four (4) years older than their spouses and female members assumed to be two (2) years younger than their spouses.

B. Actuarial Methods

The actuarial methods used in this valuation were selected and approved by the Board. In general, the methods provide orderly funding of all benefits being accrued, as well as unfunded past-service benefit liabilities, over a period of thirty years. However, the smoothing method employed in determining the Actuarial Value of Assets may accelerate or lengthen the effective funding period, depending on whether gains or losses are experienced. In our opinion, the actuarial methods are reasonable for the purposes of this valuation.

1. Actuarial Cost Method

The actuarial cost method is Entry Age Normal - Level Percent of Payroll.

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the unfunded liabilities.

2. Asset Valuation Method

Actuarial Value of Assets is equal to a four-year smoothing of gains and losses on the Market Value of Assets, subject to a 20% corridor.

3. Changes in Actuarial Methods

There have been no changes in actuarial methods since the June 30, 2010 valuation.

SUMMARY OF PLAN PROVISIONS

SECTION VI - SUMMARY OF PLAN PROVISIONS

A. Summary of Plan Provisions

The benefit provisions for the JRS are set forth in IC 33-38-6, 33-38-7, and 33-38-8. A summary of those defined pension benefit provisions is presented below:

Participation		All individuals serving as a judge or justice in Indiana as defined in IC 33-38-6-7. A judge who begins service before September 1, 1985 shall be a participant of the 1977 System (IC 33-38-7)and a judge who begins service after August 31, 1985 shall be a participant of the 1985 System (IC 33-38-8).

Eligibility for Defined Pension Benefits

a.	Normal Retirement	Earliest of: - Age 65 with 8 or more years of creditable service - Age 55 with sum of age and creditable service equal to 85 or more
b.	Early Retirement	Age 62 with 8 or more years of creditable service
c.	Late Retirement	Subject to continued employment after normal retirement
d.	Disability Retirement	A participant is considered disabled if two (2) physicians certify that the participant is totally incapacitated from earning a livelihood and that the condition is likely to be permanent
e.	Termination	8 or more years of creditable service and no longer active (i.e. vested inactive)
f.	Pre-Retirement Death	8 or more years of creditable service entitled to a future benefit

A. Summary of Plan Provisions (continued)

Amount of Benefits

a. Normal Retirement

The normal retirement benefit is a monthly annuity payable for life with a 50% continuation (or $12,000 annually, if greater) to a surviving spouse or surviving dependent children. The benefit is equal to a percentage of earnings[1] in accordance with the following table:

Years of Service	Percentage
7 or less	0%
8	24%
9	27%
10	30%
11	33%
12	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

An additional percentage shall be calculated by prorating between applicable percentages, based on the number of months in a partial year of service.

[1] Earnings is the annual salary being paid for the office which the participant held at the time of separation from service.

A. Summary of Plan Provisions (continued)

Amount of Benefits (continued)

b. Early Retirement

The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A participant may elect to have the benefit commence prior to age 65 provided the benefit is reduced by 0.1% for each month that the benefit commencement date precedes age 65.

c. Late Retirement

The late retirement benefit is calculated in the same manner as the normal retirement benefit. Creditable service and earnings earned after normal retirement is included in the computation.

d. Disability Retirement

The disability retirement benefit is payable for the duration of the disability commencing the month following disability date with reduction for early commencement. The amount of monthly benefit shall be equal to a percentage of average monthly earnings in accordance with the following table:

Years of Service	Percentage
12 or less	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

An additional percentage shall be calculated by prorating between applicable percentages, based on the number of months in a partial year of service.

A. Summary of Plan Provisions (continued)

Amount of Benefits (continued)

e.	Termination	The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing as of the normal retirement date. The participant may elect to receive a reduced early retirement benefit.
f.	Death Benefit	If death occurs (a) while receiving benefits, (b) while in service as a judge with 8 or more years of service, or (c) while permanently disabled, the spouse or family of dependent children shall be eligible for a benefit equal to the greater of $12,000 (effective July 1, 1977) annually or 50% of the benefit the participant was receiving or was entitled to receive at the time of death. Spousal benefits are payable as a lifetime monthly pension.
g.	Post-Retirement Benefit Increases	Participant benefits in the Judges 1977 Retirement, Disability, and Death System increase in the same ratio as the salary being paid for the office a participant held at the time of separation from service increases. Effective January 1, 2010, the Judges 1985 Retirement, Disability, and Death System will also have benefits increase in the same manner, on a prospective basis only.

Member Contributions — Each participant contributes 6% of his total salary until completion of 22 years of service.

Forms of Payment

a.	Single Life Annuity	Member will receive a monthly benefit for life, but there are no monthly payments to anyone after death.
b.	Joint with One-Half Survivor Benefits	Member will be paid a monthly benefit for life. After death, one-half (1/2) of the benefit will be paid to the spouse for their lifetime or the dependent until age 18 unless disabled. If the dependent child was named the beneficiary, once they are no longer entitled to the benefit, the spouse would receive the benefit for life.

A. Summary of Plan Provisions (continued)

Withdrawal from Fund	If member's employment is terminated prior to eligibility for a retirement annuity, the member may withdraw their contributions from the Fund.
Cost-of-Living Adjustments	Benefits for retired members increase automatically based on the annual pay increase granted for the position the member held at the time of retirement. The annual cost-of-living assumption for the valuation is 4.0%, which is the same as the salary increase assumption for active members.
Changes in Provisions	No changes since prior valuation.

SECTION VII - DEFINITIONS OF TECHNICAL TERMS

Definitions of Technical Terms

SECTION VII - DEFINITIONS OF TECHNICAL TERMS

A. Definitions of Technical Terms

Actual Rate	For valuations prior to June 30, 2011, the contribution rate expressed as a percentage of covered payroll on an annual basis (not less than 0.0%) that is the result of applying applicable smoothing rules to the prior year Actual Rate and current year True Rate. For valuations beginning June 30, 2011, the contribution rate does not pertain to the smoothing rules previously applied.
Actuarial Accrued Liability (AAL)	That portion, as determined by a particular Actuarial Cost Method, of the Present Value of Future Benefits (PVFB) and expenses which is not provided for by future Normal Costs. Generally this means the portion of the PVFB attributable to past service.
Actuarial Assumptions	Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
Actuarial Cost Method	A procedure for determining an actuarially equivalent allocation of the Present Value of Future Benefits to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.
Actuarially Equivalent	A method of making the actuarial present value of two series of payments equal as of a given date using the same assumptions.
Actuarial Gain/(Loss)	The difference between actual unfunded Actuarial Accrued Liability and anticipated unfunded Actuarial Accrued Liability — during the period between two valuation dates. It is a measurement of the difference between actual and expected experience.
Actuarial Present Value	The single amount now that is equal to a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.
Actuarial Valuation	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

A. Definitions of Technical Terms (continued)

Actuarial Valuation Date	The date as of which an actuarial valuation is performed.
Amortization	The payment of a present value financial obligation on an installment basis over a future number of years.
Annual Required Contribution of the Employer (ARC)	The employer's periodic required contributions to a defined benefit pension plan, calculated in accordance with the plan provisions, actuarial assumptions, actuarial cost method and other actuarial method prescribed by Governmental Accounting Standards No. 25 and No. 27.
Creditable Service	Service credited under the system that was rendered before the date of the actuarial valuation.
Funding Policy	The program for the amounts and timing of contributions to be made by plan members, employer, and other contributing entities (for example, state government contributions to a local government plan) to provide the benefits specified by a pension plan.
Level Dollar Amortization Method	The amount to be amortized is divided into equal dollar amounts to be paid over a given number of years; part of each payment is interest and part is principal (similar to a mortgage payment on a building). Because payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of payroll; in dollars adjusted for inflation, the payments can be expected to decrease over time.
Normal Cost (NC)	That portion of the present value of future benefits which is allocated to a valuation year by the Actuarial Cost Method. The normal cost is specific to the cost method used.
Plan Assets	Resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer(s) or plan administrator, for the payment of benefits in accordance with the terms of the plan.

A. Definitions of Technical Terms (continued)

Plan Members	The individuals covered by the terms of a pension plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.
Present Value of Future Benefits (PVFB)	Projected benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members upon retirement) as a result of their service through the valuation date and their expected future service. The actuarial present value of projected future benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment (taking into account mortality, turnover, probability of participating in plan retirement, etc.). Alternatively, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay the projected benefits when due.
True Rate	The precise actuarial contribution rate (not less than 0.0%) determined by summing the Normal Cost and amortization of unfunded Actuarial Accrued Liability and dividing by anticipated payroll.